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**REMARKS**

In response to the Office Action dated May 18, 2004, Applicant respectfully requests reconsideration and withdrawal of the rejections of the claims. The courteous interview conducted by Examiner Tran with applicant's undersigned representative is noted with appreciation.

In the Office Action, claims 2, 3, 5, 9 and 25-29 were identified as containing allowable subject matter. In response thereto, the subject matter of claim 2 has been incorporated into claim 1, and each of claims 5 and 9 has been rewritten in independent form to include the subject matter of parent claim 1 and intervening claims 4 and 8, respectively. Accordingly, it is respectfully submitted that claims 1 and 3-19 are in condition for allowance.

Claim 20 was rejected on the same basis as claim 1, namely as being unpatentable over the Shona patent in view of the Turban patent. During the course of the above-noted interview, the Examiner expressed the opinion that any time two IC cards communicate with one another, some form of authentication takes place between them. Applicants respectfully point out, however, that the cited references do not contain any disclosure to this effect. The Shona patent pertains to mutual authentication between an IC card and a host device, e.g. a terminal. It does not discuss communications between two or more cards. While the Turban patent discloses the concept of authentication, at column 3, lines 39-44, it only does so in the context of authenticating a *user* to a telecommunications network. As stated therein, "with the help of a chip card, a user identifies himself as an authorized user." There is no discussion of authorizing the cards, per se, particularly amongst themselves.

Nevertheless, even if one were to accept the Examiner's above-stated position, for the sake of argument, it still does not suggest the subject matter recited in claim 20. Among

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other elements, claim 20 recites the steps of transmitting information pertaining to an application program to be executed from the second card to the first card, and authenticating the second card via the first card, "based upon said transmitted information." In other words, information pertaining to the application program is used to authenticate the second card to the first card. The Office Action does not address this aspect of claim 20 in the rejection. Specifically, it does not identify any teaching, in either the Shona patent or the Turban patent, which suggests that an authentication procedure should be based upon information pertaining to an *application program* to be executed that is resident on the smart card. At best, the combined teachings of the references only suggest an authentication procedure that is based upon the use of a random number.

Accordingly, it is respectfully submitted that the subject matter of claim 20 is not suggested by the teachings of the Shona and Turban patents, whether considered individually or in combination. Reconsideration and withdrawal of the rejection of claims 20-24 is therefore respectfully requested.

In view of the foregoing, it is respectfully submitted that all pending claims are in condition for allowance, and a Notice to that effect is respectfully solicited.

Respectfully submitted,

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